

ORDINANCE NO. _____, SERIES 2006

AN ORDINANCE (A) ESTABLISHING A DEVELOPMENT AREA PURSUANT TO KENTUCKY REVISED STATUTES 65.490 TO 65.499, INCLUSIVE, AND (B) DESIGNATING THE LOUISVILLE ARENA AUTHORITY, INC., AS AN “AGENCY” FOR PURPOSES OF KENTUCKY REVISED STATUTES 65.490 TO 65.499, INCLUSIVE.

SPONSORED BY: Councilman Kevin J. Kramer, District 11

WHEREAS, the “Louisville Arena”, governed and controlled under the auspices of the Louisville Arena Authority, Inc. (“Arena Authority”), a Kentucky non-stock, non-profit corporation intending tax-exempt status, is a public project intended for multiple uses as a public, recreational, cultural, and sports facility (the “Project”), will significantly benefit Louisville and the Commonwealth of Kentucky by increasing state and local tax revenues, creating new jobs, enhancing regional tourism, increasing property tax values and stimulating private investment in the area where the Louisville Arena Project will be located; and

WHEREAS, the Arena Authority was created in order to facilitate public improvements and publicly promoted private area improvements and complimentary amenities, to serve as an economic development stimulus in Louisville and the Commonwealth as a whole and for the purpose of creating, financing, developing and overseeing the construction, management and operation of a 22,000 seat multi-use arena to be constructed in Louisville; and

WHEREAS, the 2006 General Assembly enacted House Bill 380 authorizing the expenditure of up to seventy-five million dollars (\$75,000,000) in state-supported bonds to pay a portion of the cost of constructing the Louisville Arena and designated the Finance and Administration Cabinet of the Commonwealth as the budget unit responsible for the administration of the state funds for this Project, funds which will be obtained through the issuance of bonds and/or notes supported by state appropriations; and

WHEREAS, the release of the state-supported bond funds to the Arena Authority on or after July 1, 2006, is contingent upon the execution of various agreements, in form and substance satisfactory to the Commonwealth of Kentucky (the “Commonwealth”), acting by and through its Finance and Administration Cabinet, including an agreement between Louisville/Jefferson County Metro Government (“Louisville Metro”) and the Arena Authority setting forth the amount of financial support for the Project to be provided by Louisville either through guarantees and/or tax-increment financing revenues; and

WHEREAS, the provisions of KRS 65.490 through KRS 65.499 authorize a pilot program whereby anticipated or realized increases in tax revenues (“increments”) resulting from the increase in property values and employment within a development area and meeting certain other requirements are utilized for revitalization projects within the area as a result of grants issued by the Commonwealth derived from such increments; and

WHEREAS, the Commonwealth of Kentucky, Louisville Metro and the Arena Authority intend to invest in the Louisville Arena Project, thereby serving as an economic development catalyst for downtown Louisville, more particularly, the neighboring six square mile (2.45 miles by 2.45 miles) area that is calculated by going 1.225 miles from the Arena to the East and West and 2.45 miles from the Arena to the South (the “Six Mile Area”); and

WHEREAS, in recognition of seven (7) projects which have already have been or may be designated for other economic development and/or tax increment financing, exemptions with respect to (i) state sales tax for all seven (7) projects, (ii) Louisville Metro ad valorem and occupational license taxes for the project known as the Marriott, and (iii) state property tax for the project known as Museum Plaza (collectively, known as the “Development Area Exemptions”) shall be made to the Six Mile Area; and

WHEREAS, the boundaries of the seven (7) projects identified in connection with the Development Area Exemptions are as follows: (1) being the block bounded on the east by South Second Street, on the south by West Liberty Street, on the west by South Third Street and on the north by West Jefferson Street [also known as the Marriott]; (2) being the area bounded on the east by South Third Street, on the south by West Chestnut Street, on the west by South Fifth Street and on the north by West Jefferson Street [also known as Fourth Street Live! and possible future expansion]; (3) being the area bounded on the east by North Seventh Street, on the south by West Washington Street, on the west by North Ninth Street, and on the north by West River Road, and also being the area encompassed by the property located at 615 West Washington Street [also known as Museum Plaza]; (4) being the lower level and the first two floors of the building located at 815 West Market Street [also known as Glassworks]; (5) being the property located at 829-831 West Main Street [also known as the Frazier Historical Arms Museum]; (6) being the property on the 140 block of North Fourth Street (the east and west side of the street) [also known as the Galt House]; and (7) being the property located at 700, 702, 704 and 706 West Main Street [also known as the West Main Museum & Hotel/21C Hotel]; and

WHEREAS, the Commonwealth of Kentucky, Louisville Metro and the Arena Authority recognize that the Development Area Exemptions may need to be modified to exempt future economic development projects and/or additional taxes for the existing seven (7) projects from the Six Mile Area; and

WHEREAS, the Six Mile Area, less the Development Area Exemptions, shall be defined as the “Development Area;” and

WHEREAS, the Development Area qualifies as a “development area” within the meaning of KRS 65.490 through KRS 65.499 and therefore is eligible to become the pilot program for the use of tax increment “grant contracts” in order to finance the Project; and

WHEREAS, the Arena Authority is an “agency” within the meaning of KRS 65.490 through KRS 65.499, and is designated by Louisville Metro to serve as the local governmental “agency” to enter into a grant contract with the Commonwealth to obtain various tax increment revenues and/or to issue bonds, notes or other evidences of indebtedness in anticipation of tax increment revenues.

BE IT ORDAINED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT (THE COUNCIL) AS FOLLOWS:

Section 1. Establishment of Development Area. The Development Area is hereby established as a “development area,” as contemplated and empowered by KRS 65.490 through KRS 65.499, and shall be named the “Louisville Arena Zone.”

Section 2. Future Modification of Development Area and Development Area Exemptions. In addition to taxes with respect to the seven (7) economic development projects already identified as Development Area Exemptions, the Council reserves the right to amend this Ordinance to add future economic development projects, or additional types of tax for the existing seven (7) projects, to the list of Development Area Exemptions.

Section 3. Designation of Arena Authority as Agency for Louisville Arena Zone. The Arena Authority is hereby designated as an “agency” for purposes of KRS 65.490 through KRS 65.499 for tax increment financing and public project development within the Development Area.

Section 4. **Effective Date.** This Ordinance shall take effect upon its passage and approval.

Kathleen J. Herron
Metro Council Clerk

Kevin J. Kramer
President of the Council

Jerry E. Abramson
Mayor

Approval Date

APPROVED AS TO FORM AND LEGALITY:

Irv Maze
Jefferson County Attorney

By: _____